

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 DOTE-00 SIL-01 LAB-06

OMB-01 TRSE-00 CEA-02 CIEP-02 PA-04 PRS-01 USIA-15

FRB-02 XMB-07 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01

SS-20 SPC-03 /113 W

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R 261809Z OCT 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8336

INFO AMCONSUL HAMBURG

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E.O. 11652: DECONTROL FOLLOWING 11/1/74

TAGS: EFIN, BEXP, GW, US

SUBJECT: INVEST IN USA: VOLKSWAGEN

REF: CERP 7000

1. ECON/COMMERCIAL MINISTER MET OCTOBER 25 WITH HORST MUENZNER, VOLKSWAGEN'S DIRECTOR OF PRODUCTION AND MARKETING, TO DISCUSS OUTLOOK FOR VW INVESTMENT IN PRODUCTION FACILITIES IN THE UNITED STATES.

2. MUENZNER STATES THAT A VOLKSWAGEN SURVEY TEAM NOW IS IN THE UNITED STATES TO GATHER DATA ON ALL FACTORS INVOLVED IN A DECISION TO INITIATE ASSEMBLY OR MANUFACTURING IN THE AMERICAN MARKET. THE TEAM HAS BEEN CHARGED, FOR EXAMPLE, WITH RECOMMENDING A MODEL (OR MODELS) TO BE PRODUCED, RECOMMENDING WHETHER FULL-SCALE MANUFACTURE OR ASSEMBLY SHOULD BE UNDERTAKEN, EVALUATING COMPONENT SOURCES, TRANSPORTATION AND SHIPPING COSTS, LABOR COSTS, SHORT TERM SITES, LONG TERM SITES, ETC. THE REPORT OF THE SURVEY TEAM IS TO BE DELIVERED TO VOLKSWAGEN MANAGEMENT ABOUT THE THIRD

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WEEK IN NOVEMBER, AND SHORTLY THEREAFTER MANAGEMENT

WILL MAKE ITS DECISION. MUENZNER STATED HE WILL INFORM US PROMPTLY WHEN THE DECISION HAS BEEN MADE. (FYI: THE SURVEY TEAM HAS BEEN IN TOUCH WITH SEVERAL GOVERNORS AND STATE DEVELOPMENT AGENCIES IN THE COURSE OF ITS STUDY.)

3. MUENZNER POINTED OUT THAT THE DOLLAR-MARK PARITY OBVIOUSLY IS A KEY CONSIDERATION. WHILE THE "GO/NO-GO" POINT HAS NOT BEEN PINNED DOWN PRECISELY, HE THOUGHT IT WOULD COME OUT AROUND DM 2.50 TO THE DOLLAR.

4. MUENZNER HIMSELF WILL BE IN THE UNITED STATES FOR A SHORT VISIT BEGINNING OCTOBER 29, BUT HIS TRAVEL IS NOT DIRECTLY RELATED TO THE INVESTMENT STUDY.

4. COMMENT: WHILE MUENZNER SEEMS TO BE LEANING TOWARD A POSITIVE DECISION, HE MADE CLEAR THAT VW MANAGEMENT HAS LAUNCHED A MAJOR FACT-FINDING EFFORT, AND ONLY THE HARD, COLD FACTS WILL DICTATE THE DECISION TO BE TAKEN.
HILLENBRAND

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30 JUN 2005

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